Today the benefits under the scheme are: Reimbursement of hospitalisation expenses up to Rs. 30,000/-, personal accident cover of Rs. 25,000/- for death of the earning head of the family and compensation due to loss of earnings of Rs. 50/- per day up to a maximum of 15 days. These benefits will indeed go to the insured persons provided he makes a claim and the claim is accepted.

Investment in Special Deposit Scheme

*182. SHRI JIBON ROY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that his Ministry has turned down the proposal of Central Board of Trustees of EPF to invest the fund money in Special Deposit Scheme; and

(b) if so, the reasons therefor?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) A Statement is laid on the Table of the House.

Statement

Investment in Special Deposit Scheme

(a) and (b) It was decided by the Government to stop fresh incremental accretions by non-Government provident funds, superannuation funds and gratuity funds into the Special Deposit Scheme (SDS) in 1997. However, these were allowed to invest interest income on SDS in SDS itself. In May, 2003, Government notified its decision to stop any new investment in the SDS after 30th June, 2003 and it was, *inter alia,* decided that the accretions in the corpus of the SDS on account of interest shall be invested as per the pattern for incremental accretions issued by Ministry of Finance *vide* Notification dated 6.3.2003.

The Central Board of Trustees, Employees' Provident Fund Organisation recommended in its meeting held in August, 2004 that interest on SDS should be allowed to be invested in the SDS itself. The matter is under examination.

SHRI JIBON ROY: Sir, I do not know what is in store for labour in the mind of the Government. But there was a Special Deposit Scheme where

EPF was being deposited. Some special interest rate was given and it was a secure investment. In 1997, it was withdrawn. Now before leaving, the NDA Government totally withdrew it and the workers were compelled to invest money in the stock market. A huge amount of money is going into the stock market, which is not a secure investment. My point is that the present Central Trustee Board have made a request to the Government, in the month of August this year, to reopen the scheme so that money can be invested in it. It is mentioned in the answer that they are still reconsidering. Four months have passed. How long will you take to reconsider? Will you announce as to when you will allow them to reinvest again in the Speical Deposit Scheme?

SHRI P. CHIDAMBARAM: Sir, I appreciate the hon. Member's concern about the investment of EPF. While that is, certainly, an important concern, as Finance Minister, as Government, I must also be concerned about the total fiscal liability of the Central Government and the fiscal deficit of the Central Government. We have to balance these two. What has happened here is, in 1975, the SDS was introduced. The SDS took in both the new subscription as well as the interest on the existing subscription. In 1997, it was decided that we will not take in any new subscription but the interest on the existing subscriptions can be reinvested in the SDS. In 2003, it was decided that even the interest on the new subscriptions will not be taken into SDS, because, already, Rs. 53,000 crores of EPF money is in SDS. And, what is the purpose of taking this money into the public account and paying eight per cent interest, when Government, today, can borrow at about 6.5 or 6.7 per cent in the market? Therefore, what we have done is, we are not asking them to invest in equity; we have given them a wider menu for investment. Twenty-five per cent can be invested in Central Government securities, fifteen per cent in State Government securities, thirty per cent in securities of public financial institutions, and the remaining thirty per cent in any one of the three. They have asked us now to widen the option for investments, which is under consideration. As part of that request, they have said, "you must now allow us to invest the interest in the SDS itself." It is very easy for me to say, "I reject your request", but I don't want to be so harsh. So, all I am saying is, that request for reinvesting the interest is under consideration alongwith the larger request to widen the menu of investment options. We will take a view but it is very unlikely that we are going to allow them to invest the

interest in SDS again because I think, from the fiscal point of view, it is cheaper for me to borrow in the market at a rate of interest much less than eight per cent, but I assure you that we will have to give them a wider option for investments which we are looking into.

SHRI JIBON ROY: I wish to remind the Government that you are committed for the labour security, and Provident Fund interest is not the general accounting of interest money, market interest. Sir, we have accepted Europe and...

MR. CHAIRMAN : Please put the question.

SHRI JIBON ROY: Yes, Sir, I am putting the question. I rarely put any question in the Question Hour. I am putting this question because the labour is involved here. They should not speak in two ways. My point is that we have accepted Europe and America as our *gurus.* But what is their real rate of interest on Provident Fund? It is around four per cent. Our real rate of interest is one per cent. Here, price level is European and interest level is Indian. How long will it continue? You have now declared the interim rate of interest for the Provident Fund. I want to know, when are you going to announce the final rate of interest? Mind that labour is with you. You have some commitment for the labour. You cannot go back on the question of labour. That is my point. I want to know, when are you going to announce the final rate of interest? You have announced the interim rate of interest.

SHRI P. CHIDAMBARAM: Sir, I will answer the question... *(interruption)...*

SHRI JIBON ROY: In India, it is only one per cent...*(interruption)...*

MR. CHAIRMAN : Let him speak. Let him reply to the question.

SHRI P. CHIDAMBARAM: Sir, I will answer the question, but let me point out that the question that is being put as a supplementary question, is very different from the question that has been put to us. That is the first thing. The question that has been put to us is, the reinvestment of interest on existing...*(interruption)...*

MR. CHAIRMAN : Let him speak.

SHRI P. CHIDAMBARAM: Please, allow me to answer. The question that has been put to us is about reinvestment of interest earned on existing

SDF deposits in the SDS. That I have answered saying that it is under examination. What you have asked is a very relevant question but a very different question—what is the Government's decision on the EPF rate, which EPF would allow to its employees? The Ministry of Labour deals with the matter. They have announced an interim interest rate of 8.5 per cent.. They will move a proposal to the Cabinet and when the Cabinet takes a decision, we would certainly announce it.

SHRI DIPANKAR MUKHERJEE: When would that be done?

SHRI P. CHIDAMBARAM: That is for the Ministry of Labour to answer.

SHRI JIBON ROY: They are dependent on you. You must be aware of the matter...*(interruption)*...

MR. CHAIRMAN : Please, take your seat.

SHRI JIBON ROY: They are dependent on you. You must be, aware of the matter..*(interruption)*...

MR. CHAIRMAN : Please, take your seat....*(interruption)*...please, take your seat... *(interruption)*...

SHRI DIPANKAR MUKHERJEE: It is not a question of the Labour Ministry or the Finance Ministry; it relates to the Government as a whole. It is already the month of December...*(interruption)*...

MR. CHAIRMAN: Please, take your seat...*(interruption)*... please, take your seat... *(interruption)*...

SHRI DIPANKAR MUKHERJEE: It is already December now...*(interruption)*...They know very well what we are asking this for...*(interruption)*...they know what we are asking the question for.

MR. CHAIRMAN: Shri Sanjay Nirupam, please put your question... *(interruption)*...

SHRI JIBON ROY: Don't expect us to blindly follow whatever you say...*(interruption)*...For how many years would the discussion continue? ...*(interruption)*... For how many more years would the discussion continue? ...*(interruption)*...

श्री संजय निपरूपम : सभापति जी, मुझे एक जनरल क्वेश्चन पूछना है । मंत्री महोदय कृपया बताने का कष्ट करें कि ई.पी.एफ. का इस समय दोनों मार्केट-इक्विटी मार्केट और डेट मार्केट,

में कितना एक्सपोजर है ? क्या वह गाइडलांइस के अनुरूप है और पिछले 4-5 वर्षो में किस प्रकार की वृद्धि हुई है ?

SHRI P. CHIDAMBARAM: Sir, I have just read out the pattern of investment that is allowed. It is 25 per cent in Central Government securities, 15 per cent in State Government securities, 30 per cent in securities, bonds of public financial institutions and the remaining 30 per cent in any of the above three categories, these are the only investments permitted today.

श्री रूदनारायण पणि : सभापित जी, एन.डी.ए. या यूपी.का सवाल नहीं है । इसमें बढ़ोतरी के बारे ई.पी.एफ. के ट्रस्टी बोर्ड का जो सुझाव है , वह एकीकृत सुझाव है या नहीं क्योंकि लेबर मिनिस्टर बाहर 12 परसेंट की डिमांड करते हैं ? वह पॉलिटिकली कुछ बोलते हैं। मंत्री महोदय, कृपाय बताएं कि लेबर मिनिस्ट्री और ई.पी.एफ.बोर्ड ट्रस्टी की ओर से फाइनेंस मिनिस्ट्री को क्या सुझाव आया है ? उन्होनें उस में कितने प्रतिशत की मांग की है ?

SHRI P. CHIDAMBARAM: Sir, various demands are made from time to time. It is perfectly legitimate for anyone to raise a demand.

In 2002-03, the interest rate for EPF subscribers was 9.5 per cent. In 2003-04, it was reduced to 9 per cent, but the Minister announced that he would allow a bonus of half a per cent. In 2004-05, that is, the current year, after this Government took over, the matter has been discussed in several fora. The EPF Board, with the approval of the Minister of Labour, has announced an interim decision to grant 8.5 per cent. They are certainly asking for more. That decision must, indeed, be taken by the Government. When the Government takes that decision, and I hope it will be soon, certainly the Minister of Labour would announce that decision to the people. I hope the Government would be able to take the decision soon, but it is really the Minister of Labour who deals with the matter, and I am confident, my colleague in the Ministry of Labour will be able to annoucne the Government's decision very soon.

Agreements on import of oil

*183. SHRI LALIT SURI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of agreement entered into by India with other countries for the import of oil and petroleum products for the year 2004-05;